



**Legislative Department  
Seattle City Council  
Memorandum**

**Date:** September 6, 2013

**To:** Nick Licata, Chair  
Sally Bagshaw, Vice-Chair  
Bruce Harrell, Member  
Housing, Human Services, Health, and Culture Committee

**From:** Lish Whitson, Council Central Staff

**Subject:** Council Bill (CB) 117905 — Rental Registration and Inspection Ordinance amendment

This memo provides a brief overview of the Rental Registration and Inspection program and describes proposed code amendments to strengthen the program, including three key changes to the program.

**1. Overview**

CB 117905 proposes an update to the City's Rental Housing Registration and Inspection Program. As introduced, this CB would amend multiple sections of the Seattle Municipal Code (SMC) Chapter 22.214 "The Rental Housing Registration and Inspection Program" in order to:

- Change the name of the program to "Rental Registration and Inspection Ordinance" (RRIO);
- Change the procedure for registration of small buildings over a two-year period;
- Clarify that owners of multiple condominium units in a single building would be able to register the condos as a single property;
- Remove the fee for transferring registration when a unit is sold, as the fee would act as a disincentive to updating information;
- Allow the selection of units for inspection to occur throughout the year, rather than annually, in order to create a more consistent work flow;
- Change the registration schedule so that newly built rental properties would register prior to occupancy, eliminating a one year delay in registration;
- Establish a new restricted accounting unit ("Rental Registration and Inspection Ordinance Enforcement Account") that would be the repository for penalties levied under the program and would allow the Director to pay or reimburse the costs and expenses resulting from notices of violation and civil action;
- Make a number of other minor changes to the ordinance for cleanup and clarity, operational improvements, and elimination of unintended consequences.

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These changes would amend the program as adopted in October 2012 under Ordinance 124011.

## **2. Code Amendments**

RRIO is a new program to improve and safeguard the health and safety of housing for all renters in Seattle by registering rental units and requiring that they be inspected on a periodic basis. Under RRIO, the Department of Planning and Development (DPD) will:

- Maintain a database of rental units;
- Notify property owners and tenants of the need to register units;
- Provide a weighted checklist of items to be inspected;
- Train and register inspectors;
- Provide inspectors if a landlord chooses to use a City inspector;
- Audit inspections;
- Randomly choose units to be inspected periodically;
- Pursue civil penalties to ensure compliance; and
- Levy fines and penalties if units are not registered and are not maintained in good condition.

Under the program, property owners will be responsible for registering the units, having the units inspected by a registered inspector, and reporting to DPD when the inspection has been completed and the unit has been found to be in good condition.

Following adoption of Ordinance 124011, DPD convened a stakeholder group and held eight meetings to help guide the implementation the RRIO. The stakeholder group included landlord association, non-profit housing agencies, tenant representatives, private housing inspectors and other interested parties. As a result of the group's work and input, DPD has proposed a number of amendments to the SMC and Ordinance 124011 that are intended to ease the roll-out and increase the effectiveness of this new program.

The proposed amendments, which have been developed in consultation with stakeholders, would clarify and correct some of the language in the code and would add some details to ease program implementation. Three key changes warrant additional discussion:

### **a. Legislation would provide a procedure for the registration of one to four unit buildings**

The code currently requires that all buildings with one to four units be registered by December 31, 2016. DPD estimates that there are approximately 45,000 buildings with between one and four rental housing units. If the bulk of those small buildings wait until the registration deadline, the work load for DPD to process those registrations would be difficult to manage.

In order to create a more orderly and efficient registration process and reduce the likelihood that most small buildings register close to the deadline, the proposed legislation would allow DPD to draft a Director's Rule that would split the registration period for small buildings, creating different deadlines for different parts of the city. This would allow a more even workload, allow outreach to different parts of the city, and provide opportunities for DPD to improve their processes as deadlines roll in for

different parts of the city. All registrations would be complete by the existing deadline of December 31, 2016.

Under the proposed legislation, DPD would be directed to establish by Director's Rule a quarterly registration schedule. The Rule would divide the city into eight registration areas that would be balanced geographically and by estimated numbers of properties.

**b. Legislation would modify the requirements for private inspection reports and audits to conform to state law.**

The proposed amendments would remove requirements that property owners submit inspection reports and that private inspectors "list and show" their findings as part of a Certificate of Compliance. This change is intended to better align Seattle's program with a Washington State Supreme Court ruling that upheld a rental registration and inspection program in Pasco, Washington. The City program will continue to require that property owners who use a private inspector submit Certificates of Compliance issued by qualified inspectors who have appropriate underlying credentials and have been certified by the city.

The proposed amendments would also remove specific instructions for how to audit inspection reports. In conformance with state law, DPD may not be able to review inspection reports issued by private inspectors or conduct second audit inspections. DPD intends to audit privately issued Certificates of Compliance through a system of verifying that the inspectors performed the work and asking tenants to confirm conditions in their unit meet the inspection requirements.

DPD recognizes that the legal limits on information provided by private inspectors and auditing may affect their ability to fully monitor conditions and improvements in rental housing. To address this, DPD intends to use the existing authority in RRIO to offer city inspections at a competitive price, and collect information from those inspections.

**c. Legislation would clarify DPD's authority to administer penalties and use penalty revenue to recoup part of the cost of enforcement**

The proposed amendments would add two new sections, SMC 22.214.086 and 22.214.087, that lay out penalties for violating the RRIO regulations, provide an avenue for appeal and reduction of the penalties, and create a new "enforcement accounting unit" to collect and spend those penalties. SMC 22.214.086 follows DPD's current practice for administering penalties for other code compliance violations and clarifies the due process procedures.

Property owners would have an opportunity to appeal to the Director of DPD. The appeal process allows the Director the opportunity to sustain, modify, or withdraw the notice of violation or penalties levied. This new section would also establish specific conditions under which the Director can reduce the penalties. Section 22.214.087 creates a new RRIO enforcement account in the Planning and Development Fund. All penalties levied under RRIO would be deposited in this account. Funds in the account would be used to reimburse costs and expenses DPD and the Law Department incur from issuing notices of violation and pursuing civil actions. Using the funds for this purpose would reduce the

likelihood that complying units would have to cover the costs of enforcing the RRIO against non-complying units.

#### **d. Other changes**

In addition to the three substantive changes discussed above, the legislation includes a number of other changes that would provide greater clarity and improve the functioning of the program. These changes include:

- Changing the name of the program from “Rental Housing Registration and Inspection Program (RHRIP)” to “Rental Registration and Inspection Ordinance;”
1. Registration
    - Adding micro dwelling units and accessory dwelling units to the list of types of units to be registered;
    - Simplifying rules for owners of multiple condos or co-ops within a single building;
    - Simplifying requirements in order to allow for easier electronic submittal of registration applications;
    - Removing a fee for transferring registration when a unit is sold; and
    - Removing personal information from the proposed public database.
  2. Inspection
    - Allowing the selection of units for inspection to occur throughout the year, rather than annually, in order to create a more consistent work flow;
    - Requiring inspection prior to occupancy for new buildings;
    - Requiring inspection of common bathrooms and kitchens (for example for efficiency units or micro dwelling units), if appropriate;
    - Clarifying that the weighted checklist is derived from the standards in the ordinance, but that it does not necessary require numerical “values” to be assigned to each standard;
    - Clarifying that a property owner or their agent must bear responsibility under the program for inspection and reporting;
    - Clarifying when a “declaration of compliance” is issued versus a “certificate of compliance” (a declaration of compliance is made by the property owner when initially registering a unit, a certificate of compliance is issued by an inspector); and
    - Allowing DPD to select units for inspection using a methodology that will be adopted by rule. The resulting methodology may not be completely random in order to make sure that units on different floors of a multi-unit building are inspected.

### **3. Next Steps:**

DPD expects to take the following steps to implement the RRIO:

- Proposed fees for the RRIO will be included in the Fee Ordinance, to be submitted at the end of September with the Mayor’s proposed budget;
- DPD will issue a Draft Director’s Rule containing a weighted checklist for inspectors based on the standards contained in the RRIO;

- DPD will issue a Draft Director's Rule identifying the process and timeline for registering small buildings;
- DPD will begin outreach to affected property owners starting with buildings with more than ten units;
- DPD will complete development of a new database and on-line portal to allow on-line registration of buildings;
- DPD will staff up the program; and
- Buildings with 10 or more units are required to register by July 1, 2014.